



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES JUNE 9, 2011

A meeting of the board of trustees was held on June 9, 2011 at the Public Safety Building in Baton Rouge. Mr. Charlie Fredieu, Chairman, called the meeting to order at 8:30 a.m.

Mayor Durbin gave the invocation and Mr. Birdwell led the pledge of allegiance.

Ms. Penny Gandy called the roll. A quorum was present.

MEMBERS PRESENT

Mr. Charlie Fredieu
Mr. Stacy Birdwell
Dr. Steve Procopio
Mayor Jimmy Durbin
Mayor Mayson Foster
Mr. Jerry Tarleton
Mr. Paul Smith
Mr. John Broussard

OTHERS PRESENT

Mr. Steven Stockstill
Ms. Kelli Rogers
Mr. Jason Starns
Ms. Penny Gandy
Mr. Joe Meals
Mr. Gary Curran
Mr. David Wingate
Mr. Benny Ouber

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on May 12, 2011. Mayor Durbin seconded. The motion passed.

APPLICANTS

- New Members

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PROCEDURE: Each enrollment application is reviewed by staff to determine eligible job classification, date of hire, employer certification, and medical waiver information. Each application for membership was completed and submitted in accordance with all applicable state laws.

Mr. Jason Starns presented the list of new member applicants. (see attached Exhibit #1) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new member applicants. Mr. Tarleton seconded. The motion passed.

- Retirees

PROCEDURE: To retire, a member must furnish the retirement office with an application for retirement. When the application is received by the retirement office, the member's file is reviewed for proper documentation and to determine that the applicant meets the legal criteria necessary to receive payment in the form of a monthly retirement benefit. Calculations for retirement are performed by the benefit analyst and verified by the system's administrator. All retirement applications were submitted and benefits calculated in accordance with all applicable state laws.

Mr. Starns presented the list of new retirees. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new retiree applicants. Mr. Smith seconded. The motion passed.

- Survivor Applications

PROCEDURE: Survivors applying for benefits must furnish the retirement office with a notarized application for survivor benefits, a copy of the member's death certificate, a marriage license (if beneficiary is a spouse), and the beneficiary's birth certificate. Once received, the deceased member's records are reviewed by staff to determine survivor benefit eligibility and to determine that the survivor's benefit calculation is completed per all applicable state laws and any merger agreements. [NOTE: Individuals who retired from another retirement system where FRS is a third party administering payments as a result of a merger, and where the individual becomes deceased after the merger, the beneficiary or survivor is still required to submit all necessary documents; however, payment is made as set forth in the merger agreement (contract) affecting beneficiaries and survivors.] (R.S. 11:2256 and R.S. 11:2259)

Mr. Starns presented the application of Nedie Anne Hebert, surviving spouse of Cyril Joseph Hebert. He stated that the application was in order.

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MOTION: Mr. Birdwell moved to approve the surviving spouse application for Nedra Anne Hebert. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Delorise Knight, surviving spouse of Donald Knight. He stated the application was in order.

MOTION: Mr. Birdwell moved to approve the surviving spouse application for Delorise Knight. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of January Landry, surviving handicapped child of Todd Michael Landry. He stated the application was in order.

MOTION: Mr. Birdwell moved to approve the surviving child application for January Landry. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Claudia Lee Morman Murphy, surviving spouse of James Bennett Murphy. He stated the application was in order.

MOTION: Mr. Birdwell moved to approve the surviving spouse application for Claudia Lee Morman Murphy. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Donna Marie Oglesby, surviving spouse of Gary Don Oglesby. He stated the application was in order.

MOTION: Mr. Birdwell moved to approve the surviving spouse application for Donna Marie Oglesby. Mr. Tarleton seconded. The motion passed.

- Disability Applications

PROCEDURE: To obtain disability benefits, a member must furnish the retirement office with an application for disability retirement. For the following applicant(s), the application for disability retirement, current job duties, and all medical records pertaining to the injury or illness were received and reviewed by the retirement office staff. An appointment was scheduled with a State Medical Disability Board doctor specializing in the area of the claimed disability. The doctor submitted a detailed report in laymen's terms of his findings based on the examination performed and the medical records reviewed. Prior to the meeting, the board of trustees was provided with the disability application, job description, State Medical Disability Board doctor's report and all medical records related to each applicant, for their advance review. (R.S. 11:215, 216, 218, & 2258)

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[NOTE: By giving notice on its posted agenda, the board of trustees reserved its right to enter executive session pursuant to R.S. 42:17(A)(1) for discussion of any privacy protected medical information related to disability applicant(s).]

██████████ Mr. Starns presented the application for job-related disability benefits of ██████████
██████████ Mr. Starns stated that this matter was on appeal from a prior board decision on December 9, 2010. Mr. Starns said that ██████████ was seen by three State Medical Disability Board doctors, i.e., Dr. Carolyn Baker, Dr. Kenneth Gaddis and Dr. Eugene Ramsay. The first doctor, Dr. Carolyn Baker, stated that ██████████ is not disabled. Based on Dr. Baker's report, the board denied ██████████ application. ██████████ appealed the board's decision and, based on his appeal, ██████████ was sent to a second doctor, Dr. Kenneth Gaddis. The second doctor said ██████████ is disabled. Mr. Starns advised the board that based on Dr. Gaddis' report, ██████████ was sent to a third doctor, Dr. Eugene Ramsay. The report of the third doctor, Dr. Ramsay, was before the board for consideration.

MOTION: Mr. Birdwell moved to enter into executive session. Mr. Broussard seconded. The board entered into executive session.

MOTION: Mr. Birdwell moved to resume public session. Mr. Tarleton seconded. The board resumed public session.

MOTION: Mr. Birdwell moved to deny job-related disability benefits. Mr. Tarleton seconded. The motion passed.

██████████ - Ms. Gandy presented the application for job-related disability benefits of ██████████. Ms. Gandy stated that the applicant was seen by the State Medical Disability Board doctor, Dr. Thad Broussard. In his report, Dr. Broussard stated, that "I do not think this patient has yet reached maximum medical improvement. I would assigned that to her to at least one year from the date of her last surgery which would be in 2012. I think for the time being as much as she expresses to me that she wants to go back to work there is no way that I would release this patient to return to work as a firefighter. I do believe at this point that she is totally incapacitated which prevents her from further performance of her normal duties. I do believe that such incapacity is unfortunately going to be permanent. This disabling by history was received in the line of duty and the condition causing this disability occurred after the date of membership in the system of October 14, 1993. The effective date of the injury listed to me is July 26, 2009."

Based upon the report of Dr. Thad Broussard, the staff recommendation was for approval of the job-related disability retirement and to discontinue disability recertification.

MOTION: Mr. Birdwell moved to accept the staff's recommendation. Mr. Smith seconded. The motion passed.

MONTHLY FLASH REPORT - MAY 2011

Mr. Joe Meals presented the monthly flash report for May 2011. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: 0.4% for the month of May as compared to the blended index of 0.3%; 19.5% for the fiscal year to date as compared to the blended index of 15.2%; 17.1% for the trailing 12 months as compared to the blended index of 13.8%.

COMMITTEE REPORT

[NOTE: The Investment Committee met on June 8, 2011, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the business set forth in its posted agenda. The minutes of that meeting are embedded herein. Committee members present were Mr. Stacy Birdwell, chairman, Dr. Steven Procopio, Mr. John Broussard, Mayor Mayson Foster and Mr. Charlie Fredieu, ex officio. Also present was Mr. Joe Meals.]

Committee chairman Birdwell recognized Mr. Joe Meals to give the investment committee report.

- Ashmore Emerging Market Debt Fund

Mr. Meals advised the board that Ashmore Emerging Market Debt Fund, an existing FRS manager, was placed on watch status last month. Mr. Meals advised the board that Ashmore provided a reasonable answer to being placed on watch status. (see attached Exhibit #4) Mr. Meals advised the board that Ashmore stated they were underweight in Peru because Peru was going through political elections. Mr. Meals advised that Ashmore was unable to predict the outcome of the election and therefore, they were underweight in the market.

The discussion of this matter was concluded with no action being needed or taken.

- Custodial Bank Service Provider

Mr. Meals advised the board that the negotiations of the contract for the new custodian bank are progressing. Mr. Meals advised the board that the Bank of New York - Mellon (BoNY) would not agree to a provision in their contract acknowledging their status as a fiduciary. To the contrary, BoNY's contract expressly states that they are not a fiduciary. Mr. Meals said that he and Mr. Stockstill told BoNY that being a non-fiduciary was unacceptable to FRS. Mr. Meals advised that a compromise was worked out between BoNY and FRS, with BoNY agreeing to remove from the contract the language denying its fiduciary status. BoNY further agreed to a standard of care that uses language excerpted from Louisiana law that closely tracks the same standard of care applicable to fiduciaries. In other words, New York courts have jurisdiction over any dispute and New York law would ordinarily apply regarding determining fiduciary status. However, in this case, language was

written into the contract regarding the standard of care that applies to BoNY and the New York courts will have to apply that standard to any dispute involving the BoNY/FRS relationship.

Mr. Meals advised that there are still some issues being discussed with regard to the contract. He said that one issue still needing board attention is the possible waiver of the system's right to trial by jury. He said that, in the past, the board has been unwilling to waive that right. Mr. Stockstill said that, in the past, when this type of waiver clause was encountered in contracts, it was brought to the board's attention. Particularly if any such contract would downgrade FRS' ability to defend itself or prosecute any wrongdoing in court. Mr. Stockstill advised the board that, in this case, his recommendation is to accept the waiver clause if it cannot be negotiated away. Mr. Stockstill said that his reason for recommending the acceptance of the waiver in this case is because all the prior cases involved money managers. In those cases, if a money manager refused to accept FRS' position, then FRS could simply invest its funds elsewhere. However, in this case, FRS does not have the same broad opportunity to seek other service providers with regard to a custodial bank.

Mayor Foster asked Mr. Meals if there were any other issues raised in the contract negotiations. Mr. Meals said there is one other issue. He said the contract limits the damages recoverable in court to direct damages only, as opposed to indirect and inconsequential damages. Mr. Meals said that, in the event of a loss, FRS' ability to recover would be limited to the amount of direct loss.

Mr. Meals advised the board that three agreements are being discussed covering the services BoNY will provide to FRS. Mr. Meals said that, for example, in one agreement for electronic website access, recoverable damages are limited to the fees that FRS pays (or has paid) for the service. However, FRS will not be paying a fee for electronic access so, in effect, there are no recoverable damages in the event of a loss related to its website service. Mr. Meals said that another area where the same limitation exists is the Risk Analytics services, but FRS will be paying a fee for this service.

Mr. Stockstill advised the board that the contract is still being discussed in terms of the services that FRS would like to receive and has not reached the fee negotiation period as of yet.

The discussion of this matter was concluded with no action being needed or taken.

- AEW Partners

Mr. Meals advised the board that AEW Partners, an existing FRS manager, had reserved a portion of FRS' capital commitment to be called at a date after the investment period expired, for additions to existing portfolio companies. He said the total amount reserved from all investors of the fund equals \$57 million. He said that AEW provided notice that \$30 million of unallocated capital is not required for reserves. Mr. Meals said that AEW is now reducing its reserved capital by about half and FRS would only be responsible for its proportionate share of the reduced reserve. (see attached Exhibit #5)

The discussion of this matter was concluded with no action being needed or taken.

**LAND BARON-
IN RE ROBERT R. BLACK AND KELLY J. BLACK, CHAPTER 7 BANKRUPTCY
DEBTORS, AND MIKE CHERNINE, CHAPTER 7 BANKRUPTCY DEBTOR**

Mr. Stockstill advised the board that this matter was discussed briefly at last month's board meeting, because at that time FRS had only received third-hand information about the referenced bankruptcy filings. However, on the same afternoon following the last board meeting, the staff received by US mail formal notice of the referenced bankruptcy filings and confirmation that FRS is listed as a creditor therein. The notice included information showing that a creditors meeting would be held on a date occurring before the next scheduled board meeting.

Mr. Stockstill said he immediately contacted FRS board chairman Fredieu and vice-chairman Birdwell, whereupon he explained the exigency of the circumstances and asked for authority to retain Van Mayhall of Breazeale, Sachse and Wilson to review the bankruptcy material received by FRS and report to the board at its next meeting. [NOTE: Mr. Mayhall had been previously retained by the board to position certain FRS real estate for maximum protection to FRS in the event of bankruptcy.] Mr. Stockstill said he also asked Mr. Birdwell to attend the creditors meeting so FRS would have a participant there to monitor and protect the system's multi-million dollar interest. Mr. Stockstill said the bankruptcy trustee cancelled the first and second dates for the creditors meeting and has rescheduled a third date for the meeting to occur later in June.

[NOTE: At the FRS investment committee meeting held on June 8, 2011, Mr. Van Mayhall reported regarding the referenced bankruptcy filing.] Mr. Stockstill advised the board that Mr. Mayhall briefed the investment committee regarding the types of creditors listed in the bankruptcy filing and the impact to FRS. Mr. Stockstill said that in the present state of the bankruptcy filing, the Nothing Left To Prove tract, an existing FRS property, is protected from bankruptcy because FRS is the only owner. Mr. Stockstill advised that, with respect to Sole Mate Too and St. George Air Parc, both existing FRS properties, Mr. Black and Mr. Chernine have filed personal bankruptcies so it probably will not directly effect the two properties. Mr. Stockstill said that the bankruptcy probably will indirectly effect the properties in that there is a 15% guaranteed investment return, backed by the personal assets of Mr. Black and Mr. Chernine and those assets are now listed in bankruptcy. Mr. Stockstill advised that Mr. Mayhall's research discovered other lawsuits involving Land Baron.

Mr. Meals said the investment committee recommended that the full board ratify the retention of Mr. Van Mayhall and the related legal expenses.

MOTION: Mr. Birdwell moved to accept the investment committee's recommendation. Mr. Tarleton seconded. The motion passed.

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Mr. Meals said the investment committee recommended that the full board approve the expenses of sending investment committee chairman, Mr. Birdwell or any other trustee to the creditors meeting.

MOTION: Mayor Foster moved to accept the investment committee's recommendation. Mayor Durbin seconded. The motion passed.

Mr. Meals said the investment committee recommended that the full board authorize Mr. Mayhall to further research the other lawsuits pending against I and Baron and the expenses related thereto.

MOTION: Mr. Birdwell moved accept the investment committee's recommendation. Mayor Durbin seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

That concluded the investment committee report.

FRS V. REGIONS MORGAN KEEGAN, ET AL

Mr. Stockstill advised the board that Judge Fields recommended that all parties consider the appointment of a special master to handle discovery items in the FRS v. RMK case. Mr. Stockstill said that Judge Fields held a hearing on the matter. A special master was appointed and the costs for the appointment will be split between all parties, until the final decision of the lawsuit is determined.

Mr. Stockstill asked the board to ratify the executive director's litigation decision to consent to the appointment of the special master and the funding associated therewith. The investment committee adopted the recommendation and, in turn, the investment committee recommends the same to the full board.

MOTION: Mr. Birdwell moved to accept the investment committee's recommendation. Mayor Durbin seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

FRS OPERATING BUDGET FOR FISCAL YEAR 2011 - 2012

Ms. Kelli Rogers presented the final operating budget for Fiscal Year 2011-2012. (see attached exhibit #6)

MOTION: Mr. Birdwell moved to adopt the operating budget for Fiscal Year 2011 - 2012 to go into effect July 1, 2011. Mayor Foster seconded. The motion passed.

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The discussion of this matter was concluded with no further action being needed or taken.

2011 LEGISLATIVE SESSION UPDATE

Mr. Stockstill advised the board that Senate Bill 12 has been deferred by the author. He further said that House Bill 332 was passed by the House and is now pending in the Senate Retirement Committee.

The discussion of this matter was concluded with no action being needed or taken.

RENEWAL OF ACTUARIAL CONTRACT

Mr. Stockstill advised the board that the contract for actuarial services was previously discussed during the budget hearing and the expense for an actuary was included and approved in the FRS FY 2011-12 operating budget. Mr. Curran discussed the rate increases compared to last year.

MOTION: Mr. Smith moved to approve the actuarial contract. Mayor Durbin seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

ADJOURNMENT

There being no further business, the meeting of the FRS board of trustees was adjourned.

FUTURE MEETINGS

**Joint FRS Budget & Finance and Personnel Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Tuesday, July 12, 2011 at 2:00 p.m.**

**FRS Investment Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Tuesday, July 12, 2011 at 3:00 p.m.**

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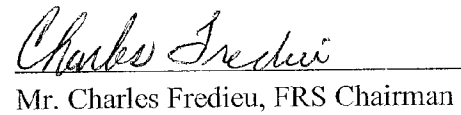
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**FRS Board of Trustees
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, July 13, 2011 at 8:30 a.m.**

SUBMITTED BY:


Penny Gandy, FRS Board Secretary

APPROVED BY:


Mr. Charles Fredieu, FRS Chairman